



National Association of Telecommunications Officers & Advisors  
Darryl D. Anderson, President



Government of the District of Columbia  
Office of Cable Television & Telecommunications  
Darryl D. Anderson, Executive Director

STATEMENT OF DARRYL D. ANDERSON  
**President, National Association of Telecommunications Officers and Advisors**  
**Before the Cable Services Bureau**  
**Public Forum AT&T/MediaOne**  
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Good afternoon Ms. Lathen. I am Darryl Anderson, President of the National Association of Telecommunications Officers and Advisors and the Executive Director of the DC Government Office of Cable Television and Telecommunications. Thank you for the opportunity to speak on the matter of the proposed merger of AT&T and MediaOne.

While I realize that this proposed merger potentially affects telephone, **video** and other related broadband services the companies may offer, my particular areas of proficiency lie in the provision of cable television and broadband telecommunications services. My message today is quite pointed. NATOA, along with its many members and other local jurisdiction officials, is firmly committed to the protection of citizen and consumer services in the communities it serves. Local governments are confident that through the promotion of competition of service providers, rapid and managed deployment of broadband services, and the successful evolution of the telecommunications industry, consumers of these technologies will surely be the winners in this new digitally-driven millennium.

Policymakers are at the threshold of an era when the development and deployment of broadband services, coupled with the explosive growth of the Internet, **500+** cable channels and an **ever-**increasingly Internet-based economy dictates that the decisions made now will definitively affect the competitive **future** of our communications systems. By maximizing the partnership and shared responsibilities that exist between local governments and state and federal authorities, we can deeply consider and realize the importance of adopting policies and making important decisions that will foster the rapid and managed deployment of broadband services. This consideration must occur in a manner that will realize the potential of the converging technologies of video, telephony and high-speed data through these types of mergers. One of the decisions that will have to be made through this partnership is the issue of competitive access to cable operator's high-speed broadband networks for the provision of Internet and other cable services.

Over a year ago, **NATOA's** Board of Directors adopted an Interim Statement on Internet Access via Cable. I have attached this statement to my written remarks. This statement supports that a local **franchise** authority "has the legal right and jurisdiction, under the Federal Cable Act of 1984, to consider competition in the provision of Internet services over cable, at certain times or as the result of certain trigger events, including a franchise transfer or renewal." It is one of many issues that may be considered by the local authority as it deems appropriate in the public

interest or in light of identified community needs. The Federal Cable Act also acknowledges the local franchising authority's ability to consider the elimination or reduction of competition in the delivery of cable services (Section 613(d)) and allows enforcement by the local franchising authority of franchise provisions requiring leases of capacity (on the cable system) for non-video programming purposes (Section 612(b)(3)).

Earlier this month, **MediaOne** and AT&T announced that, "By giving AT&T and **MediaOne** the green light to move forward with the merger (in the Twin Cities of Minnesota), these municipalities have demonstrated their foresight to create an environment conducive to investment and competition.. ." They go on to say that "the marketplace and competition – not government regulation – are the best means of assuring widespread availability of high-speed Internet service.. ." We all have to ask ourselves whether or not this merger is truly in the best interest of American consumers. Does allowing two of the largest cable operators in the country to unite promote competition in any marketplace? Will consumers be better served by paving the way for a very large part of the country to be served by a single provider?

When you consider the entire web of interrelationships that exist between AT&T, **MediaOne**, ownership interests in other cable companies, key video programming services, leading cable equipment manufacturers, two major cable Internet service providers and the potential interest in Time Warner – potentially soon-to-be **AOL/Time Warner**, due diligence and caution must drive the review and consideration of this merger if, in fact, expanded services, competition and ultimately consumers are among the principal priorities.

For many of my colleagues within NATOA, cable **franchise** laws give local franchise authorities the legal basis to protect all consumers **from** anti-competitive behavior. Surely, the digital divide is a very real, serious and growing concern for all of us. When only one cable operator exists, there is greater pressure to protect consumers at all levels of technological access. On the telephone side, all users have regulated access to the Internet and other services to assure fair and open access.

The question is whether this merger will continue in the spirit of protecting access to competition, the Internet and the rapid and managed growth of the telecommunications industry in the name of consumers. In conclusion, I urge you to exercise the utmost care in considering the long-range impact of the merger and know that we will be responsible for the impact of this 'merger on communities – deep in all areas of our communities – long after this and similar mergers are completed. Heather Barber, a representative for the City of Portland, Oregon, joins me today. Ms. Barber is the Director of Federal Affairs at Simon & Company, Inc. here in Washington. Because of Portland's experience in various related matters, I have asked Ms. Barber to join me to be available to respond should you have questions relevant to that experience. I be happy to answer any questions you have for me and again, I thank you for offering me this opportunity to participate in this forum.

## NATOA Interim Statement on Internet Access via Cable

*NATOA members are facing serious questions concerning the role of local governments and the cable franchises in regulating and ordering the introduction of Internet Service Provider services over a cable television system. Policy recommendations have been reported in the national and trade media and have been debated in the NATOA Quarterly. As a result of the proposed AT&T/TCI merger, many NATOA members are currently confronting these issues. In Oregon, the Portland cable regulatory consortium required TCI to open its modem network to Internet competitors as a condition of franchise transfer. The issue continues to be debated there. Other local franchise authorities are considering similar proposals; still other local franchise authorities have considered and decided against such proposals.*

*In its existing policy platform, NATOA supports:*

*“the effective use of wired and wireless information technologies to provide the benefits of advanced telecommunication services. Local governments must work to promote open, connective, and universal technical standards for all telecommunication equipment, services, and system architectures.”*

*NATOA has not formally reviewed this policy in light of the current debate concerning competition in Internet service provision over cable. However, to assist our members currently addressing these questions, NATOA adopts the following analysis as an Interim Statement:*

1. The provision of Internet services over cable is a “cable service.” This means it is subject to the requirements of the local cable television franchise and to regulation by the local franchise authority, as permitted in the Federal Cable Act of 1984, as amended.
2. A local franchise authority has the legal right and jurisdiction under Federal law to consider competition in the provision of Internet services over cable, at certain times or as the result of certain trigger events, including franchise transfer or renewal. A local franchise authority is not obligated to exercise this jurisdiction as a condition of franchise transfer or renewal. Rather, competition in the provision of Internet service over cable is one of the many issues that may be considered by a local franchise authority as it determines what is appropriate in the public interest in light of community needs.
3. Unless and until there is preemptive Federal action on this question, a local franchise authority can consider the local public interest impact of competition vs. exclusivity in the provision of Internet services over cable. The Federal Cable Act acknowledges the local franchise authority’s ability to consider elimination or reduction of competition in the delivery of cable service. Section 613(d). Similarly, the Cable Act

allows enforcement of franchise provisions requiring leases of capacity for non-video programming purposes. Section 612(b)(3).

4. NATOA will continue to review all of the policy arguments being urged to ascertain whether a broad national policy governing open provision of Internet services is warranted. Until such a national policy is proposed, debated, and adopted, NATOA suggests that local officials analyze the question in light of the local community's needs and interests and act as they always must – in the best interests of their local constituents.